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• (1200)

[English]

The Chair (Angelo Iacono (Alfred-Pellan, Lib.)): I call the meeting to order. Good afternoon, colleagues.

Today is meeting number 21 of the Standing Committee on Environment and Sustainable Development.

This meeting is taking place in a hybrid format and is in public. We are meeting with the Honourable Julie Dabrusin, Minister of the Environment, Climate Change and Nature, for one hour.

For those in person, please follow the health and safety guidelines on the cards found on the table to prevent audio feedback incidents.

[Translation]

The committee is starting its study of the output-based pricing system.

[English]

This morning, Minister Dabrusin is accompanied by John Moffet, associate deputy minister.

Minister Dabrusin, you have five minutes for your opening statements, and since you've been here before, you can recall this time card.

Thank you. Go ahead. The floor is yours.

Hon. Julie Dabrusin (Minister of the Environment, Climate Change and Nature): Thank you very much, Mr. Chair and members of the committee. I'm happy to be here with you again as Minister of the Environment, Climate Change and Nature and minister responsible for Parks Canada, the Impact Assessment Agency of Canada and the Canada Water Agency.

I would like to begin by acknowledging and recognizing that we are meeting on the traditional territory of the Anishinabe Algonquin nation.

[Translation]

I am also pleased to have senior officials from my department here with me today.

[English]

I have the associate deputy minister, John Moffet, with me today.

[Translation]

I am here to talk to you about an opportunity for Canada.

A growing number of countries are competing to develop the clean technologies and green industries that will define the next century. Canada is uniquely positioned to be at the forefront of this transition.

The climate competitiveness strategy is part of our new approach to building the infrastructure, housing and industries that will grow our economy and ensure lasting prosperity.

It builds on Canada's strengths: world-class industries, a skilled and talented workforce, diverse trading partnerships, and a strong domestic market, where Canadians can be our best customers.

It also creates predictability and the ideal conditions for investments that will make Canadian businesses well positioned not only to compete, but also to be at the forefront of the new global economy.

That is how we know that climate action is both a moral obligation and an economic imperative. We know that we must reduce emissions for future generations, here and around the world. The climate competitiveness strategy aims to turn this imperative into an opportunity for Canadians.

• (1205)

[English]

One of the most practical tools that makes this possible is industrial carbon pricing. It will deliver more emissions reduction than any other policy, with negligible impacts on affordability for Canadians because it does not dictate what must be done. Pricing emissions rewards cleaner production by driving investment in decarbonization wherever those opportunities are the lowest cost.

Our industrial carbon pricing system is also designed to keep costs low to protect against competitiveness risks. It does this by putting a price on the marginal emissions of a company rather than on all of its emissions. This means that total costs are low, but each company faces a continuous incentive to reduce its emissions.

However, for industry to plan, invest and innovate, they need long-term certainty. They need to have confidence in the future price trajectory and the overall health of the carbon market. That's why the Government of Canada has committed to improving the effectiveness of Canada's industrial carbon pricing system. Our goal is simple: strong, reliable, consistent systems across Canada, covering a broad range of greenhouse gas emissions at a common level of stringency.

Of course, we recognize that the path forward must be shaped together. That's why we're going to initiate a public discussion on how to strengthen the pricing benchmark. The benchmark sets the criteria that ensures all provincial and territorial industrial pricing systems are similarly effective in providing a common, strong and durable price signal. We will work collaboratively with provinces, territories, indigenous peoples, industry, investors and stakeholders to refine the benchmark.

This work is about building a stronger, cleaner, more competitive economy that thrives in a world striving to cut emissions and capture new opportunities. Together, these measures will provide the certainty and predictability needed to establish an industrial carbon price trajectory that is aligned with achieving net zero by 2050.

This is about people, Canadians, who want long-term, security-focused jobs in global leading industries and a path that is cleaner, brighter and better for everyone.

Thank you.

The Chair: Thank you very much, Minister.

Now I will pass the floor to the Conservative Party for six minutes.

Mr. Bexte.

David Bexte (Bow River, CPC): Thank you, Chair.

Thank you, Minister, for joining us today. I really appreciate your presence.

Also, thank you, Mr. Moffet, for joining us. I understand congratulations are in order. Your portfolio has been topped up and increased, so congratulations.

I would like to pursue some of these thoughts on the industrial carbon tax that you're laying out. What is the anticipated annual take of carbon tax nationally every year?

Hon. Julie Dabrusin: What is the anticipated annual...?

David Bexte: What is the revenue to the federal coffers?

Hon. Julie Dabrusin: It doesn't add to federal coffers.

David Bexte: Where does the money go?

Hon. Julie Dabrusin: It goes back to the province or the jurisdiction where it's collected, and then that is often paid back to industries. In fact, if you would like, I can give you examples—

David Bexte: No, it's paid—

Hon. Julie Dabrusin: I can give you the example of how Alberta has used it to catalyze carbon reductions in industries.

David Bexte: Investments.... Okay. Industries pay this. Different types of industries and different types of companies pay this carbon tax.

Hon. Julie Dabrusin: They pay it into—

David Bexte: They pay it into wherever it goes.

Hon. Julie Dabrusin: Yes, but it does not come to the federal coffers.

David Bexte: It does not come to the federal government, but it goes to a bucket.

How much do we anticipate annually? Aggregated together, is it \$1,000 or \$1 million or \$1 billion...\$10 billion?

Hon. Julie Dabrusin: Well, this depends, because there are different ways.... For example, they also can buy credits from one another, which is why you will hear—

David Bexte: Then there's money traded. In aggregate, though, how much money are we talking about annually?

Hon. Julie Dabrusin: I'm not focused on.... When we do it, we're focused on making sure there's an effective system where industry understands what its credit prices are—

David Bexte: Still, the scale of it is what I'm trying to get at—not the machinations of it, but the scale. How large?

Hon. Julie Dabrusin: The scale is that it covers currently about 39% of Canada's total GHGs, and the scale of it—

David Bexte: How many dollars does that mean, though?

Hon. Julie Dabrusin: I'm trying to explain that this is a regulation that's been reviewed by the Supreme Court of Canada, which has the reduction of emissions as its goal.

● (1210)

David Bexte: That's irrelevant to my line of questioning. My questioning is related to how large that component of the Canadian economy is. If it's small, that's fine. I don't care. Is it \$1 billion or \$10 billion dollars?

Hon. Julie Dabrusin: It's just not calculated that way.

David Bexte: But it has to have an impact in order to follow with your logic; otherwise, it's a non sequitur. It has to have some economic impact and imperative for a company to act.

Hon. Julie Dabrusin: It creates an incentive. As I said, it doesn't cover all of their emissions.

David Bexte: It doesn't matter. How much of a fiscal incentive is it?

Hon. Julie Dabrusin: To be clear, that does matter, because, if they are performing at a lower emissions rate, they make money from the credits.

David Bexte: That's fair enough, but then there's still, in aggregate, a fiscal impact to the economy, because it's a driver internally in the economy. I get that. Just how big is it? How big is the impact to the economy? What is the incentive? You know, we can pick a number. If we want to pick \$10 billion, I'll pick \$10 billion, and then we can proceed with the line. What sorts of industries pay this?

Hon. Julie Dabrusin: There are two things that I'll say. First of all, I just want to make sure that we don't fall into the thought that this is a negative impact on the economy, which I feel like is the way the question is framed.

David Bexte: We'll see. That'll bear out in time. What kinds of industries pay?

Hon. Julie Dabrusin: The way that the regulation is set, we don't decide on specific industries. For example—

David Bexte: Just give some examples. Just give an example of a company, an industry or subindustry that might pay into it.

Hon. Julie Dabrusin: If I was going to use an example, just because the president of Algoma Steel was talking just recently about it, it would apply to, for example, steel. It could, and he said specifically that the change to move to electric arc furnaces makes his industry, his specific business, more competitive.

David Bexte: It gives him an incentive to go to electric arc away from blast furnaces.

Hon. Julie Dabrusin: It makes it also that, in his business, getting electric arc furnaces is more competitive—

David Bexte: Is that under that regime, because there's an economic incentive?

Hon. Julie Dabrusin: No, it just makes it so that his product is more sellable.

David Bexte: It's because there's an economic incentive. If it's steel, and steel is incentivized to go to a different type of technology to be produced, where does that steel go? Where does the money come from for that company? Who are their customers?

Hon. Julie Dabrusin: Well, I am not the person who is working through the books, but maybe what—

David Bexte: Could you—

Hon. Julie Dabrusin: Look, why don't I just quote the president? He's perhaps best placed to speak—

David Bexte: If you'd like to table that, that would be fine, but that's going to take time in my line, and I don't have a lot left.

I would argue that steel goes to just about every other industry in Canada, which is going to be a higher price, because there's an economic incentive to produce steel under a different kind of regime with electric arc furnaces versus blast furnaces. Those customers then have to come up with more money, and I find it rich that this then is being done without any contemplation of our largest competitor in the world, which has no such system in place like this, in the United States.

Hon. Julie Dabrusin: First of all, I will go back to the president of the company, who specifically said that it makes it more competitive. Also, studies show that if you're talking about how much you're talking about, there was an assessment that a stainless steel fridge would cost 12¢ more.

David Bexte: Right, but how many millions of dollars of steel are produced in Canada every year?

Hon. Julie Dabrusin: What I'm trying to say is that it doesn't increase the cost to Canadians.

David Bexte: How much steel is in a fridge? How much steel is a component of the fridge? It's marginal, right? My point is—

Hon. Julie Dabrusin: But these are the things Canadians buy.

David Bexte: My point is that this puts Canada in a disadvantaged position vis-à-vis the United States competitively.

The Chair: Thank you very much.

The floor is yours, Mr. Grant.

Wade Grant (Vancouver Quadra, Lib.): Thank you, Minister and Mr. Moffet, for taking the time to be here today.

Minister, you mentioned in your opening comments that, as we move to the future, the path forward must be taken together across all levels of government, with other stakeholders and with first nations.

I want to specifically ask a question, Minister, about the government's recently signing the MOU with the Province of Alberta that includes a commitment to strengthen industrial carbon pricing in that province.

Can you speak to why this agreement is such good news for workers, industry and Canada's climate goals?

Hon. Julie Dabrusin: Thank you for that.

There's been a lot of discussion this past week in the House of Commons about the memorandum of understanding. I mean, if we were going to talk about the industrial carbon pricing—because we are talking about Alberta when we're talking about this memorandum of understanding—the federal carbon pricing system was actually modelled on a system that was developed in Alberta. Alberta had an industrial carbon pricing system before we had one nationally. I think that's a really important point to take into account.

Now, the next piece is that if we were looking at the votes we were having in the House of Commons this week, the part that the Conservatives were unable to include in their motion and that actually was part of the agreement with the Province of Alberta was the part about industrial carbon pricing, which is fascinating to me, because, as I said, the system is based on a system that was created in Alberta, but no matter. The other part is that a fundamental part of this memorandum of understanding is an agreement for the province and the federal government to work together on how we strengthen the industrial carbon pricing system.

That is an important step forward, because it's good from an emissions reduction standpoint, but it's also really important from a competitiveness perspective. It makes the businesses more competitive. I hear that from businesses over and over again. They want to make sure there's a certain and predictable credit price for industrial carbon pricing, so that they can make their business plans and plan out for it. Time and time again, what I'm hearing when I'm speaking with businesses is that having an industrial carbon price isn't a hindrance. It creates the way to plan forward. It incentivizes innovation.

Just as I mentioned in the context of steel—which I know is not an Alberta example as I'm saying it, but I can provide Alberta examples as well of industries that have done well with industrial carbon pricing—it actually makes them more competitive on a global market, because the world is moving towards a low-carbon economy. We see that time and time again in terms of where investments are going globally. We know as a country that we need to be trading and diversifying our trade partners. We know that we have trading blocs like the European Union and the U.K. They're moving towards carbon border adjustment mechanisms, which means they're looking to see if we have an industrial carbon price. If we have one, it gives us better access into those markets.

At the very moment that our country—provinces like Alberta, but all of our provinces—wants to have access to trade in these other international markets and to diversify, having an industrial carbon price is an important part of how we make sure that we have access into those markets and that we have preferential products that people want to buy, because countries around the world are also moving towards a low-carbon economy.

I apologize. That was a bit further out, but I think that's why this memorandum of understanding shows how the federal government can work collaboratively with provinces, and that's what we want to do. We can't reach our climate goals without working with our provinces and having our provinces also do that heavy work with us. This agreement shows that provinces like the Province of Alberta see the opportunity in making sure that we're climate competitive as an economy.

• (1215)

Wade Grant: Thank you, Minister.

I have only about a minute left, but I wanted to talk a bit about some of the misinformation about industrial carbon pricing. We've heard imaginary taxes on food and groceries being bandied about. Can you shed some light on the misinformation circulating regarding industrial carbon pricing?

Hon. Julie Dabrusin: Yes. There are a few things, and I'm sure we'll have chances to talk about it more.

First of all, it doesn't actually impact the cost of food. We see for the cost of food that the real impact—and this comes in study after study—is climate change, not just domestically but around the world. That is something we have to factor in when we're looking at issues, but the industrial carbon price is not part of that.

I know that it's non-industrial carbon pricing, but can we just say that there is no plastic packaging or food packaging tax? There just

isn't one. I haven't seen anyone bring me that regulation yet to show me.

It's really important that we provide proper information when we're talking about things. We can have fair debates, but they have to be on the facts.

• (1220)

Wade Grant: Thank you.

The Chair: Thank you, Minister.

[*Translation*]

Mr. Bonin, you have six minutes.

Patrick Bonin (Repentigny, BQ): Thank you, Mr. Chair.

Thank you, Minister, for joining us today.

I would like to discuss something with you.

The member for Laurier—Sainte-Marie, who previously served as Minister of Environment and Climate Change, said this recently:

Unfortunately, with the rollback of hard-won measures such as consumer carbon pricing, the cap on oil and gas emissions, clean electricity regulations, and the abandonment of our commitment to end fossil fuel subsidies, it is now impossible to see how Canada will be able to meet its targets, or even achieve carbon neutrality by 2050.

Do you agree with him on that?

Hon. Julie Dabrusin: First of all, as I have often said, as parliamentary secretary to the Minister of Environment and Climate Change, I worked with Steven Guilbeault for several years and have a great deal of respect for him and his work. However, I disagree with him on this issue.

What I have always said, and I stand by it, is that our targets are ambitious. They are not easy to achieve, but we must continue to work toward them. This is important, not only for future generations, but also for our economy.

Patrick Bonin: You disagree with Mr. Guilbeault, the former minister of environment and climate change. How will you achieve these targets?

Hon. Julie Dabrusin: We have several measures.

First, in budget 2025, we talked about what we see as work within our climate competitiveness strategy, namely industrial carbon pricing and methane emissions regulations.

We are now working on a strategy for clean electricity. We are working—

Patrick Bonin: Perfect.

I wanted to come back to carbon pricing.

So you have not yet strengthened the carbon pricing component in the industrial sector. According to the MOU with Alberta, the figure is \$130 per tonne.

Is that a price floor or a price ceiling?

Hon. Julie Dabrusin: Forgive me, I'm trying to find the right words. That's the credit price.

Actually, there are two parts to this. When we talk about the agreed-upon price in the MOU, we are talking about the credit price, not the reference price. However, what I wanted—

Patrick Bonin: Is it a floor price or a ceiling price?

Hon. Julie Dabrusin: It is neither. We now have until April to negotiate exactly what we will do in terms of industrial carbon pricing. We are currently in discussions on this matter.

Patrick Bonin: The MOU does not mention the effective date of the \$130 per tonne price.

Is it for 2027, 2030, 2035, 2050?

Hon. Julie Dabrusin: Let me be clear: we need to discuss this, and it's part of the negotiations we'll be conducting, but when I say.... You asked whether it was a ceiling price or a floor price—

Patrick Bonin: You do not have a date.

Hon. Julie Dabrusin: No, because there are two things that need to be considered.

We are strengthening carbon pricing across the country. This is a measure that we must implement nationwide. We already have our federal carbon pricing system. Now we need to work with the province of Alberta.

If I may explain something to you: This measure must work within the framework of our federal system. These are not different targets.

Patrick Bonin: Okay.

So you're telling me that all the regulations are being removed, those I mentioned and those mentioned by Mr. Guilbeault, the former minister of environment and climate change.

You are also saying that this is not a problem because you are going to replace them with carbon pricing. However, you do not even know when carbon pricing will come into effect for the \$130 per tonne credits, and you do not know whether it will be a floor price or a ceiling price.

Hon. Julie Dabrusin: That is not exactly what I said about the two aspects I mentioned. I was trying to correct myself.

I want to raise two points.

First, I disagree with removing electricity regulations, and so on. The MOU clearly states that we will work with the province of Alberta. We can also work with all provinces on electricity regulations, which are still in force across the country. That is the first point I wanted to raise.

Second, I disagree with the claim that we are backsliding—

• (1225)

Patrick Bonin: Okay.

I want to come back to the issue of clean electricity.

The clean electricity regulations have been suspended, correct?

Hon. Julie Dabrusin: No.

Patrick Bonin: In the MOU, there is talk of suspending the clean electricity regulations.

Hon. Julie Dabrusin: The electricity regulations are being strengthened. They will apply to everyone in Canada as of 2035.

Patrick Bonin: The MOU states that enforcement of the regulations will be suspended.

Hon. Julie Dabrusin: Yes. We can have agreements with each province. If they can show that they have another way of achieving the same results, we can suspend enforcement of the regulations. That is how the regulations work.

Patrick Bonin: In your opinion, if the regulations are suspended, how will Alberta be able to achieve the same result?

Hon. Julie Dabrusin: It's up to Alberta to work with us and show us that it has another way of achieving this.

Patrick Bonin: I gather that you have no idea how they plan to achieve the same results.

Hon. Julie Dabrusin: No, but the regulations will not be suspended as long as there is no agreement.

Patrick Bonin: You have discussions and you write in the MOU that you will suspend the regulations, but you have no idea how they will be replaced or how the same objectives will be achieved.

Hon. Julie Dabrusin: That is not what I'm saying.

If a province shows us that it can achieve the same results, it can use another system that works. To do that, they truly have to achieve the same results. This MOU allows us to suspend enforcement of the regulations and it can apply to all the provinces.

[English]

The Chair: Thank you.

Mrs. Anstey, the floor is yours for five minutes.

Carol Anstey (Long Range Mountains, CPC): Thank you, Minister, for appearing today.

As the minister well knows, I often advocate for the constituents in my riding in Newfoundland and Labrador, particularly as it relates to our offshore oil and gas sector, which has had some tremendous challenges over the last number of years.

I've reached out to them in preparation for this meeting today, asking them what their perspective was as professionals within this industry. I'm glad that you made the comments about competitiveness, because that's extremely important to the industry. They're warning that the proposed \$170 carbon price is completely out of step with international norms. For example, the U.S., Russia and China have none of these industrial carbon prices at all.

How does your department reconcile these massive competitiveness gaps with the claim that you want to remain a desirable jurisdiction for offshore development?

Hon. Julie Dabrusin: I think it's really important that we all bring the voices from our communities forward. Certainly, over the past years, especially in my work as parliamentary secretary for natural resources, I worked on the agreements with Newfoundland and Labrador for the development of offshore wind, under the agreements of the Atlantic accords.

I'm saying there are many different opportunities for Newfoundland and Labrador—

Carol Anstey: Specifically, the offshore is very important. I know the people in my riding want to know the answer to this question.

Sure, that's great. We have to do all things, but specifically, I'm curious to know what your answer is on this industry and on this point.

Hon. Julie Dabrusin: First of all, I'm not sure that any of us want to be using as our example of a competitor a country against which we have sanctions, like Russia.

Carol Anstey: Okay, that's fair enough.

Guyana has \$20, and they're one of their closer competitors, so we can use that one as an example. That's perfect. I'm happy to bring another country into that equation.

Hon. Julie Dabrusin: There are two pieces that I would say to that.

We are now, in the budget, committed to actually working on the trajectory of the headline price for the next decades, past 2030. That one is part of a conversation that we'll have to have with provinces, territories and industry.

Carol Anstey: What I'm really hearing you say is that the government is open to modifying those rates in the face of provinces coming back and saying that this is completely unreasonable given the competitiveness of the countries that we're competing with. Is that correct?

Hon. Julie Dabrusin: What I was saying is that we are going to be working on what the trajectory is for the future decades, and we will take in advice, but I actually—

Carol Anstey: Does that component matter? I'm sorry. I have limited time.

Hon. Julie Dabrusin: I'm just disagreeing with you that it makes the industry less competitive. We are in a world where, when we look at the different markets that we are trying to sell into, there are big trading blocs that have border adjustment mechanisms. It's something we're going to have to face as we sell into these different markets.

I would add that, in a world where we see people moving toward low carbon right across, it would be in the best interest of all of our industries to be the lowest carbon emitter for whatever product they sell.

• (1230)

Carol Anstey: That's fair enough, but they just want to know this: Are you going to consider this in terms of your decisions moving forward, and bring in that price? If they remain uncompetitive.... You said in your opening statement that competitiveness is important. Are these concerns going to be given consideration as you move forward, or are they just completely dismissed? Does it not matter? These are industry experts. Again, it's a very important industry to my riding, so I want to know, is it going to be given consideration? Will you walk those rates back, based on these concerns that are coming forward?

Hon. Julie Dabrusin: We always work with all of the provinces and territories on how we move policies forward, but I also point out that I am not agreeing that it makes the industry less competitive. That is where we disagree. Markets around the world are putting on carbon prices, and they're looking for low-carbon products.

Carol Anstey: Okay, so the proponents are like.... They're just wrong. You're just completely dismissing their concerns.

Hon. Julie Dabrusin: I'm disagreeing with the way you're framing it, but I am also saying that I'm open to talking—

Carol Anstey: Those are their words, not mine.

Hon. Julie Dabrusin: —with everyone about it.

Carol Anstey: Okay. That's fair enough.

The Chair: Thank you, Minister.

Monsieur St-Pierre, go ahead.

[*Translation*]

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you, Mr. Chair.

Minister, thank you for being here with us today.

I find it interesting that you mentioned the motion moved by the Conservatives this week. They included terms from the MOU with Alberta, but completely omitted industrial carbon pricing, which is rather convenient for them. The Bloc Québécois, the Green Party, and all the Liberals voted against the motion, and even five members of the Conservative Party did not vote. I find it interesting that this is a significant defeat for the Conservatives, but I do not see any plan among my colleagues that addresses climate change.

My question is the following: Could you give examples of companies that are investing in clean technologies as a result of a move toward predictable carbon pricing?

Hon. Julie Dabrusin: First, if a country wants to be competitive on a global scale, it is important for it to have a plan to combat climate change. Industrial carbon pricing is a key part of this.

Here is what I found incredible this week. Although our MOU with the province of Alberta includes industrial carbon pricing, the Conservatives could not even include those words in their motion. In fact, everywhere in the media, and even during question period, we heard them speak out against it, even though the system we created is based on Alberta's. I found it extremely interesting that, according to the province of Alberta, industrial carbon pricing is one of the measures we need to take in order to gain access to the markets we want to reach. At the same time, I find it sad that the Conservatives did not include these words, because the Premier of Alberta made it very clear that this system came from her province and she emphasized how important it was for Alberta.

I have some examples for you.

The first one took place a little closer to my region. Redpath Sugar, in downtown Toronto, made significant changes to reduce its carbon footprint. It replaced the energy it used to produce its sugar.

• (1235)

I spoke with people at the company, who told me that they did indeed make these changes because of carbon pricing. The company received federal funding to help it make this change. It's a win-win situation. It's also beneficial for the company because it wants to show that it is willing to do what it takes to reduce its carbon footprint.

Let me share another example to do with this company. I know I don't have much time left to speak, so this will be my last point. The company even replaced the lights throughout its factory. The workers there told me that this created a safer working environment.

All these measures reduce the company's carbon footprint and energy costs. That's good for the company. At the same time, people who worked in the factory said that it created a safer workplace.

The Chair: Mr. Bonin, you have two and a half minutes.

Patrick Bonin: Minister, I will ask you to give me brief answers.

Is the federal government prepared to apply the safety net on carbon pricing for provinces that do not have an equivalent?

Hon. Julie Dabrusin: We said that in budget 2025.

[English]

We said it would be in a transparent and prompt fashion.

[Translation]

That is the word, but it is preferable to work with the provinces in each case.

Patrick Bonin: Okay, but are you prepared to apply it, yes or no?

Hon. Julie Dabrusin: We have said that yes, we prefer to work with the provinces.

Patrick Bonin: You did not apply it in the case of Saskatchewan, which eliminated its carbon pricing. It is therefore no longer consistent with the Canadian model.

Hon. Julie Dabrusin: As I said, we are prepared to do so, but we prefer to find solutions—

Patrick Bonin: Why are you not doing this in the case of Saskatchewan?

Hon. Julie Dabrusin: We are prepared to do so, but we prefer to find solutions with the provinces. We are talking with them to come up with solutions.

Patrick Bonin: You will be prepared to do so for Alberta as well. Is that correct?

Hon. Julie Dabrusin: That is the case for all the provinces. They can have their own system, but we are prepared—

Patrick Bonin: Thank you.

Earlier, when you were talking about the clean electricity regulations, you said that GHG emissions are estimated to be reduced by 180 million tonnes by 2050.

The MOU with Alberta clearly states, “Suspend immediately... pending a new carbon pricing agreement, which includes the electricity sector”.

In your opinion, if we replace the regulations with carbon pricing, how much per tonne should the price be to achieve the equivalent in terms of emissions reductions?

Hon. Julie Dabrusin: That's not the only thing the MOU covers. We need to be very clear about that. Yes, it covers carbon pricing, but it also covers other measures.

Patrick Bonin: The MOU states, “pending a new carbon pricing agreement” for electricity.

How much would it cost per tonne to achieve equivalent emissions reductions through carbon pricing compared to the regulations?

Hon. Julie Dabrusin: It's just that—

Patrick Bonin: Is it \$400 a tonne, for instance? How much per tonne? Do you have those numbers?

Hon. Julie Dabrusin: If I can finish my sentence—

Patrick Bonin: No, I would like you to answer my question, Minister.

Do you have the numbers? How much would it cost per tonne to achieve the equivalent emissions reduction achieved under the regulations? Do you not have those numbers?

Hon. Julie Dabrusin: That is not what I said.

Patrick Bonin: Can you table those numbers?

[English]

Shannon Miedema (Halifax, Lib.): I have a point of order.

I think it would be respectful for my colleague to allow the minister to answer the question he's asking.

Thank you.

[Translation]

Patrick Bonin: I will repeat my question, minister. How much is it per tonne? Do you have that number? If not, could you forward it to the committee?

Hon. Julie Dabrusin: Again, you did not read the MOU in full. It talks about the carbon pricing and other measures.

[English]

It's to the agreement of both parties and factoring other measures.

[Translation]

You are focusing on just one part of the MOU. That is not everything it says.

• (1240)

Patrick Bonin: You do not have the numbers.

[English]

The Chair: Mr. Ross, the floor is yours for five minutes.

Ellis Ross (Skeena—Bulkley Valley, CPC): Thank you, Mr. Chair.

Minister, the example you used initially was Algoma Steel. You talked mainly about the corporate advantage, the corporate competitiveness, in your transition plan, but you didn't mention anything about the mass layoff. In fact, I haven't heard anything yet about the transition of the 900 workers from Local 2251 who will be laid off, and the 150 union workers of United Steelworkers who will be laid off in a mass layoff.

Have you done an assessment of how many workers overall nationally will be laid off under your transition plan?

Hon. Julie Dabrusin: That is a mash-up of many things that don't accord with each other.

First of all, as we head into this holiday season and we see the layoffs that have happened at Algoma, we should absolutely be thinking about those workers and have them at the heart of what we're doing as we face U.S. tariffs.

Ellis Ross: That's my point—

Hon. Julie Dabrusin: No, it is U.S. tariffs.

Ellis Ross: This is the first time you've mentioned workers, and it's because of my question.

In that same vein, when you're talking about Algoma Steel and the transition, have you assessed the amount of activity that will take place in other countries that will not use arc furnaces to produce steel? I'm talking about Russia, China and United States, which don't have the same environmental standards. Yes, I understand China and Russia are under sanctions from Canada, but they're still competitors, so, globally, will the emissions increase or stay the same under one facility in Canada going to arc furnaces?

Hon. Julie Dabrusin: There are two pieces. I just really want to clarify that Michael Garcia, the president of Algoma Steel, said specifically that the industrial carbon price was not a problem for him. He did point out that the tariffs from the United States were a problem. I think we need to make sure that when we're pointing fin-

gers about what the problems are that are being faced by our steel industry, the problem is the U.S. tariffs and not the industrial carbon price. I can quote him specifically.

Ellis Ross: What about my question specifically on other countries that will pick up the slack and do not use arc furnaces or have a climate action strategy or a carbon tax?

Hon. Julie Dabrusin: Why don't I actually go to his words about that? He deals with that. He said, "When we convert to electric arc furnaces, our carbon intensity will be 70% lower, so we'll actually have an advantage versus our competitors in both the United States and Canada that are making blast furnace steel that has a much higher carbon intensity. We see that as a competitive advantage."

That's not me making up these words. This is what the president of that company said.

Ellis Ross: Are you saying that the United States, China and Russia will not use coal, for example, to produce steel, as opposed to what Algoma is going to do?

Hon. Julie Dabrusin: What I'm saying is that, first of all, you can look at what the actual industrial leader said in that case: It makes them more competitive. What we see is that when we have trade partners with whom we're trying to build trade, such as the EU and the U.K., they're putting in border adjustments. That actually means that if our steel is lower carbon intensity and has an industrial carbon price on it, it actually has better access to those markets.

Ellis Ross: I understand that. I understand that, but China—

Hon. Julie Dabrusin: No, but you're talking about our market advantage.

Ellis Ross: No, no. I'm talking about our competitors when you're producing steel. It's well known that China has been building two coal plants per month, and now they're trying to frame it that they're going after clean energy, when in reality they're actually producing over 50% of global emissions.

I mean, all credit to Canada. You are trying your best to reduce emissions, but we're talking about global emissions. The United States is one of the biggest global emitters in the world. China is one of the biggest global emitters in the world. Russia is one of the biggest global emitters in the world. Our taking our own producers out of that equation actually creates a gap that will be filled by our competitors, who don't have the same environmental standards as us.

Minister, do you agree with that statement?

Hon. Julie Dabrusin: I 100% do not, because I am telling you that the president of the company that actually makes that steel—

Ellis Ross: The president of the company is not here. You're here. You're in charge of the climate action plan. I'm talking about other countries that don't have the same environmental standards as Canada. They will actually produce more steel not using arc furnaces.

Hon. Julie Dabrusin: I guess I'm just going by the actual facts about what our trade markets are and what they are looking for in low-carbon products. You seem to be making up things for which I have not seen the evidence.

• (1245)

Ellis Ross: Are you telling me that China is not one of the biggest global emitters in the world?

The Chair: Thank you.

Ms. Miedema, the floor is yours for five minutes.

Shannon Miedema: Thank you, Mr. Chair.

Thank you, Minister, for being here.

I'm reminded of the tragedy of the commons. That's why we have international conferences every year around global agreement on climate action. We all know that we have a serious problem.

Minister, I think there's something missing in the understanding of some of my colleagues across the way here, and probably the public generally, on what industrial carbon pricing is and why it's so important to Canada's economic competitiveness. What's the missing link that Canadians really need to know the most? What would you like to share?

Hon. Julie Dabrusin: There are a few things. Taking a moment from the exchange we just had, if an industry that's covered by the industrial carbon price is producing lower emissions, it doesn't pay an industrial carbon price. That's if it's at or below the average amount of carbon or pollution that's created. There's not only that; it can make money from credits, so there's an advantage whereby it can get credits as part of the system.

It's really important, and it goes back to the question we had about misinformation. The way the industrial carbon price system was developed was specifically for trade-exposed industries, to have the lowest impact on them, and to create this incentive and innovation so that they will do better in a world economy that's moving toward low carbon. I'm not making that up; that is what we're seeing in global market trends. It's also true, as I've said a few times, that we see markets having carbon border adjustments, which means we will get better access into those markets if we have an industrial carbon price.

It's important to highlight some of these points, because sometimes it feels as though, if the same thing is repeated enough times, it's true. However, just because the Conservatives are getting up in the House of Commons or in this space right now and repeating each time things about how the system works or its impacts that are factually not correct, that doesn't make them true.

I feel it is important that when we're talking about the industrial carbon price, we look at the fact that it was designed, looking specifically at trade-exposed industries, to have a minimal impact. When we're talking about impacts, it is a more positive impact for them to be able to access different markets and be competitive. We have a real choice as a country right now. We have the choice of stepping back.

I worry sometimes. I'm always talking about the economic side of things these days. I don't want to take away the moral imperative

of why we need to fight climate change. I'm a mother of two women in their twenties. I have a very serious obligation, not only to my family but to our country's next generations. If that isn't even the main motivator for you, that's fine. There's an economic imperative. Our country will fall behind. We will not have the products the world is looking for if we are not producing low-carbon products, and we will fall behind if we don't have the steps we need, like an industrial carbon price.

I worry when I hear misinformation that makes it feel like the cost of food is going up because of the industrial carbon price. That is simply not true. It's not borne out by any study or facts. It's not true. What is true, though, and what we keep hearing time and time again, is that the impact of climate change is impacting the cost of food.

I'd have to get the full numbers from the food reports, but we've seen it in the reports just recently. Right now, the number of droughts we have had in our provinces that tend to be more cattle- or beef-producing is having an impact on the price of beef. It's the same thing for coffee worldwide, when we talk about the price of coffee.

Let's look at what the real causes are, and let's fight them. Let's not fight against climate action.

• (1250)

[*Translation*]

The Chair: Thank you, Minister.

We have exactly 10 minutes left. The next 10 minutes will be divided in the following way: the Conservative Party will have four minutes, the Liberal Party will have four minutes and the Bloc Québécois will have two minutes.

Mr. Leslie, you have four minutes.

[*English*]

Branden Leslie (Portage—Lisgar, CPC): Thank you, Mr. Chair.

Minister, I appreciate that you've tried to bring productivity or competitiveness into this conversation. I think that it is important, but only a Liberal could come here and try to get us all excited, to get Canadians excited, that somehow new higher taxes are going to do so much good for people, families and businesses in this country.

Our main competitors, as has been outlined before—the United States, Russia and China when it comes to steel, and many other advanced nations—do not have industrial carbon pricing or carbon pricing at all, particularly, as you mentioned, in the trade-exposed sectors.

The timing of this tax increase is very suspect. You've mentioned tariffs and the impact that they're having on many of our industries. At a time when we have increased tariffs, flailing productivity, a reduction in the quality of life and a massive outflow of Canadian capital from this country to find more suitable places to invest, all you've offered, frankly, is a whole bunch of corporate welfare.

I'd like you to tell me how increasing the industrial carbon tax right now, when all of these other factors are destroying Canadian enterprise in this country... How is now the time to raise taxes? How is that going to increase our competitiveness, and how on earth is that going to increase the productivity of our companies in this country?

Hon. Julie Dabrusin: I don't think I agree with a single piece of that. I'd say only a Conservative would be blind to the opportunities we have for the future—

Branden Leslie: Can I ask a different question, then? Do you think our country is doing well economically? Is our productivity good right now?

Hon. Julie Dabrusin: I want to refute a whole bunch of things you said at first, but then I will get to that piece too.

I am absolutely shocked that the Conservatives are using Russia as a shining example of what our country should be doing—

Branden Leslie: Oh, come on, Minister. Get off it. This is ridiculous—

Hon. Julie Dabrusin: I've now heard it several times.

Branden Leslie: That is not what I'm trying to say. I'm trying to say that Russia, America, every other heavy-emitting country and the countries that our industries compete with do not have a carbon tax.

Try to cherry-pick Russia all you want, but the reality is that other nations that we compete with don't have carbon taxes.

Hon. Julie Dabrusin: What you're saying is actually incorrect. I'm just trying to get the right statistic here, but I believe that other than the United States, Canada's 10 largest trading partners after the U.S. all have net-zero goals and carbon markets of their own, so—

Branden Leslie: I said “competitors”, not “trading partners”. Chinese steel is a competitor.

Hon. Julie Dabrusin: We are trying to trade with markets that are looking for low-carbon products, that have border adjustments to give preferential access to those products, so it is not correct—

Branden Leslie: Minister, how will the higher industrial carbon taxes in this country increase our competitiveness and productivity? Just tell me that.

Hon. Julie Dabrusin: It's not a tax. Let's go to this piece—

Branden Leslie: It isn't, just like the carbon tax wasn't. It was a levy. Is that right?

Hon. Julie Dabrusin: Well, I was just pointing out that it doesn't go into federal coffers. I think that is a really important piece to clarify.

The second piece is that, first of all, the way it is set up is specifically to support trade-exposed businesses. Our competitors—you seem to love the Russian model or the Chinese model—will actual-

ly have to pay more to have access to markets like the EU and the U.K. because of the carbon border adjustments. They're going to have....

It is not true—

Branden Leslie: Minister, I'll switch tack here a bit. Are we going to hit our 2030 targets, yes or no?

Hon. Julie Dabrusin: As I've said, and I will say it again, unlike the Conservatives, who would walk away from it—

Branden Leslie: It's a yes or no—

Hon. Julie Dabrusin: —I will keep on working and we will keep on working, as a country, to do that.

Branden Leslie: We're going to keep trying.

How high will the industrial carbon tax need to go in this country to fill the gap for the target that we are about to miss?

Hon. Julie Dabrusin: We as a country have many different pieces that we need to bring in and that we have brought in, but our country is better off moving toward net zero than walking away from any climate ambition, which is all I ever hear from the Conservatives.

● (1255)

The Chair: Thank you, Minister.

Mr. Fanjoy, the floor is yours for four minutes.

Bruce Fanjoy (Carleton, Lib.): Thank you.

Minister, could you share examples of how compliance revenues from carbon pricing are reinvested to accelerate decarbonization?

Hon. Julie Dabrusin: There are a number of different examples. I spent some time waxing lyrical about Redpath Sugar, maybe only because it was really fun for me to stand in front of a giant pile of raw sugar as I made that announcement—with the Province of Ontario, by the way—talking about the different pieces of what we were doing going forward.

The estimate is that over 70 major decarbonization projects with a combined value of over \$57 billion stand to gain from carbon pricing. There are also many examples of reinvestments happening that work towards emissions reductions.

For example, Emissions Reduction Alberta, which is primarily funded by Alberta's OBPS proceeds, currently has agreements for about 300 projects with a combined total investment of \$970 million. Those are many different companies that hire workers in all of our communities and are taking advantage of these opportunities to make their businesses more competitive.

We really need to look at all of those different kinds of opportunities.

If I use the example of McCain Foods in Manitoba, it has the Carberry dryer retrofit project, which will remove the natural gas burners and install a hydroponic loop-and-coil system. This will reduce their emissions, but it will also reduce their energy bills.

If I use the Manitoba examples, when I was in Manitoba, I was there to make an announcement working with the province on how to support farmers in particular. We're not requiring them to do this, but they're putting their hands up and saying, "We want these opportunities," which are helping to support farmers to change grain drying systems. They were choosing to do that, because they saw the opportunities in doing it.

Time and time again, we go to Canadians and say, "Do you want this opportunity to reduce your energy bills?" and we hear, "Hey, who doesn't want to do that?" At the same time, you can make your product more competitive and actually play a role in the future of your community and the future generations of your family and the families of the people you love and care about next to you to make sure there's a cleaner environment and cleaner economy. People put their hands up.

Those are a few examples. I have others, if you want me to go through more, that go towards cleaning the electrical grid and all sorts of technical projects. We have one minute, so I can do that, if you would like.

I can actually tell you about another project for ethanol in Ontario, which is the membrane dehydration of sieve regen steam project. It installs membrane separation technology to decrease the amount of steam used in the manufacturing process. That's also going to reduce their natural gas consumption and associated carbon pollution on a per-unit-of-ethanol basis.

This seems like a random stream of projects, but it goes to show you it's in many different places. It's in food production, like when I was talking about Redpath Sugar and McCain Foods and when I was talking about farmers in Manitoba. These are examples of how it's helping and making us more productive.

The Chair: Thank you.

[*Translation*]

Mr. Bonin, you have two minutes.

Patrick Bonin: Thank you, Mr. Chair.

Minister, I often hear you say that you want to meet the targets, but just because you keep repeating it doesn't mean it will magically come true.

I can do a little math with you. The Pembina Institute says that the delay in implementing methane regulations will increase emissions by an equivalent of 53 million tonnes of CO₂ by 2035.

Do the folks at Environment and Climate Change Canada have the same data?

Hon. Julie Dabrusin: I hope to be able to bring you the strengthened methane regulations soon. Once I have the final version of the regulations—

● (1300)

Patrick Bonin: Minister, I am talking about the delay between 2030 and 2035.

Hon. Julie Dabrusin: I'm telling you that we have strengthened regulations. We said we would do it. We included it in budget—

Patrick Bonin: It's the same regulations.

Hon. Julie Dabrusin: When I present the final version of the regulations—

Patrick Bonin: Okay. You are not answering the question.

Hon. Julie Dabrusin: —we can talk with accurate data in hand.

Patrick Bonin: You disagree with the Pembina Institute.

While we wait for your regulations, there is a five-year delay and 53 million more tonnes of CO₂ will be emitted.

Hon. Julie Dabrusin: I disagree, but we have to look at the regulations to show exactly what—

Patrick Bonin: Do you have a study that shows the increase in greenhouse gas emissions associated with the expansion of the Trans Mountain pipeline? According to the MOU, it is an increase of 300,000 to 400,000 barrels of oil per day.

Do you have a study showing the increase in greenhouse gas emissions linked to increased production?

Hon. Julie Dabrusin: We know that in Canada, the sector that emits the most greenhouse gases is the oil and gas sector.

Patrick Bonin: How much greenhouse gas emissions do 300,000 to 400,000 barrels represent?

Hon. Julie Dabrusin: We have that data. We know that.

Patrick Bonin: Can you provide that information? How many more tonnes of greenhouse gas emissions will be emitted? You don't seem to know.

Hon. Julie Dabrusin: I have to double-check.

Patrick Bonin: You didn't look into it. You signed an MOU—

The Chair: Thank you.

[*English*]

Thank you very much.

The meeting is adjourned.

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